



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 9, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **BAYFRONT YOUTH AND FAMILY SERVICES CONTRACT REVIEW –
A DEPARTMENT OF CHILDREN AND FAMILY SERVICES PROVIDER**

We completed a fiscal review of Bayfront Youth and Family Services (Bayfront or Agency), a Department of Children and Family Services (DCFS) Wraparound Approach Services (Wraparound) Program provider. Wraparound services include individualized services to children and their families such as therapy, housing, educational and social assistance. The purpose of our review was to determine whether Bayfront appropriately accounted for and spent Wraparound funds providing the services outlined in their County contracts.

DCFS paid Bayfront on a fee-for-service basis at \$4,184 per child a month (less placement costs) or approximately \$471,000 for Fiscal Year 2009-10. The Agency's office is located in the Fourth District.

Results of Review

Bayfront maintained adequate controls over cash and the sampled program expenditures were allowable, properly documented and accurately charged to the Wraparound Program. However, Bayfront did not return \$36,700 in excess Wraparound funds to DCFS. Specifically, at the end of each program year, the Agency is allowed to retain unspent funds up to ten percent of their program expenditures for future Wraparound Program use and return any funds in excess of ten percent to the County. For the program year ending April 30, 2009, Bayfront's unspent Wraparound funds totaled \$76,346 and program expenditures totaled \$396,456. As a result, Bayfront is

allowed to reserve \$39,646 (10% of \$396,456) for future Wraparound Program expenditures and is required to return \$36,700 (\$76,346 - \$39,646) in excess funds to DCFS as required by the County contract.

In addition, Bayfront allocated \$8,248 in shared program expenditures to the Wraparound Program based on estimates. Subsequent to our review, Bayfront reallocated their shared costs based on the actual expenditures in accordance with their Cost Allocation Plan.

We have attached the details of our review along with recommendations for corrective action.

Review of Report

We discussed the results of our review with Bayfront and DCFS. In the attached response, Bayfront concurred with our recommendations and agreed to return \$36,700 to DCFS. DCFS will follow-up to ensure that the recommendations are implemented.

We thank Bayfront management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Antonia Jiménez, Acting Director, Department of Children and Family Services
Dr. Jackie Contreras, Chief Deputy Director, Department of Children and Family Services
Winetta Baker, Ph.D., President, Board of Directors, Bayfront
Maryam Ribadu, CEO, Bayfront
Audit Committee

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
BAYFRONT YOUTH AND FAMILY SERVICES
FISCAL YEAR 2009-10**

BACKGROUND/PURPOSE

Under the Department of Children and Family Services (DCFS) Wraparound Approach Services (Wraparound) Program, Bayfront Youth and Family Services (Bayfront or Agency) provides individualized services to children and their families such as therapy, housing, educational and social assistance.

The purpose of our review was to determine whether Bayfront complied with its contract terms and appropriately accounted for and spent Wraparound Program funds providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed Agency staff.

UNSPENT WRAPAROUND REVENUE

Bayfront's Wraparound contract allows the Agency to retain unspent revenue up to ten percent of their operating expenditures. The Agency is required to place the unspent funds in a reserved account for future Wraparound Program expenditures. Any funds in excess of ten percent are required to be returned to the County.

For the program year ending April 30, 2009, Bayfront's unspent Wraparound funds totaled \$76,346 and program expenditures totaled \$396,456. As a result, Bayfront is allowed to reserve \$39,646 (10% of \$396,456) for future Wraparound Program expenditures and is required to return \$36,700 (\$76,346 - \$39,646) in excess funds to DCFS as required by the County contract.

Recommendations

Bayfront management:

- 1. Reserve \$39,646 to ensure that the funds are used to provide Wraparound Program services in subsequent years.**
- 2. Repay DCFS \$36,700.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenue were properly recorded in the Agency's financial records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash and other liquid assets.

Verification

We interviewed Bayfront's management and reviewed their financial records. We also reviewed their September 2009 bank reconciliations for two bank accounts.

Results

Bayfront maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether Bayfront's Cost Allocation Plan is prepared in compliance with the County contract and used to appropriately allocate shared program expenditures.

Verification

We reviewed the Agency's Cost Allocation Plan and accounting records. We also selected a sample of expenditures from Fiscal Year 2008-09 to ensure that expenditures were properly allocated to the Agency's programs.

Results

Bayfront's Cost Allocation Plan was prepared in compliance with the County contract. However, Bayfront allocated \$8,248 in shared program expenditures based on estimates. Subsequent to our review, Bayfront reallocated their shared costs based on actual expenditures in accordance with their Cost Allocation Plan.

Recommendation

3. Bayfront management ensure that shared costs are allocated according to the Cost Allocation Plan.

EXPENDITURES**Objective**

Determine whether program expenditures were allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and documentation to support 15 Wraparound Program expenditures totaling \$8,925 between July 2008 and October 2009.

Results

Bayfront's program expenditures were allowable, properly documented and accurately billed.

Recommendation

None.

FIXED ASSETS**Objective**

Determine whether fixed asset depreciation costs charged to the Wraparound Program were allowable under the County contract, properly documented and accurately billed.

We did not perform test work in this section, as the Agency did not charge fixed asset depreciation costs to the Wraparound Program.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the Wraparound Program. In addition, determine whether personnel files are maintained as required.

Verification

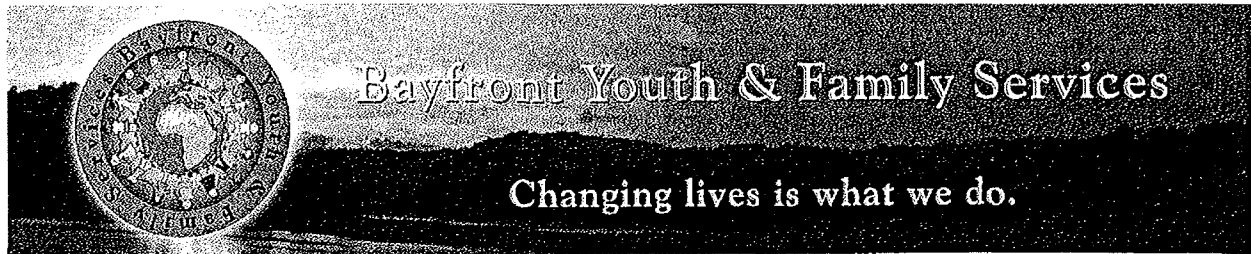
We traced the payroll expenditures totaling \$9,847 for six employees to the payroll records and time reports for the pay period ending August 24, 2009. We also interviewed three employees and reviewed personnel files for the six employees.

Results

Bayfront's payroll expenditures were appropriately charged to the Wraparound Program. In addition, the Agency maintained their personnel files as required.

Recommendation

None.



December 16, 2010

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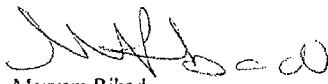
Reference: Bayfront Youth & Family Services Fiscal Review

In response to the recommendations proposed found on the Auditor-Controller report of findings for the Bayfront Youth & Family Services Wraparound Program, Bayfront proposes the following Plan of Correction:

1. Bayfront Youth & Family Services will return to The Department of Children & Family Services the excess funds received during the 2009-2010 fiscal year totaling \$36,700.00 as required by the County contract.
2. Wraparound Program Reserve account will be created and listed under assets in the financial statements for the allowable 10% funds.

If you have any questions or concerns in regards to this Plan of Correction please do not hesitate to contact me.

Thank you for your assistance.


Maryam Ribadu
Administrator